

Message Text

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67

ACTION STR-04

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 IO-13 ISO-00

STRE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 FEA-01 /137 W

----- 014343

R 141750Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1753

INFO ALL EC CAPITALS 101

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY HELSINKI

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMEMBASSY LAGOS

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ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: NTM SUBGROUP ON SUBSIDIES/COUNTERVAILING DUTY MEETING,
JULY 13, 1976

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1. SUMMARY BRIEF SUBGROUP MEETING TOOK NOTE OF CANADIAN ANNOUNCEMENT OF INTENTION TO TABLE DRAFT INTERPRETATIVE NOTES OR CODE ON SUBSIDIES AND CVD'S BY MID-AUTUMN. FURTHER WORK PROGRAM ALSO ADOPTED IN WHICH CHECKLIST OF ISSUES (MTN/NTM/W/52) IS TO BE CONDENSED BY SECRETARIAT IN CONSULTATION WITH DELEGATIONS. MINOR SKIRMISH ON AGRICULTURAL ISSUE PROVOKED BY AUSTRALIAN DISCUSSION ON CVD ASPECTS OF VARIABLE LEVIES. END SUMMARY.

2. SCENARIO FOR THIS MEETING WAS PRE-ARRANGED IN ADVANCE BILATERAL MEETINGS WITH CANADA, EC AND SECRETARIAT. CANADA (AMBASSADOR GREY) PRIVATELY CONFIRMED HE STILL PLANNED TO TABLE A DRAFT CODE AND WAS WILLING TO SO INFORM SUBGROUP IF US THOUGHT THIS WOULD BE HELPFUL. PRIVATE MEETING WITH EC (MEYNELL) CONFIRMED HE HAD NOTHING MUCH TO SAY, THAT HE HAD NO OBJECTION TO CANADA TRYING ITS HAND AT DRAFTING SOMETHING, AND THAT MEYNELL'S PRINCIPAL INTEREST WAS TO AVOID A LENGTHY MEETING OR ENDORSEMENT OF MAKE-WORK PROJECTS.

3. US (CULBERT) OPENED MEETING BY CITING SECRETARIAT DOCUMENT (MTN/NTM/W/52) AS USEFUL BASIS TO MAKE PRELIMINARY JUDGMENTS ON AREA OF AGREEMENT AND DISAGREEMENT IN SUBSIDIES AND COUNTERVAILING DUTIES (CVD'S). US SUGGESTED UTILITY OF DOCUMENT COULD BE ENHANCED BY CONDENSING STATEMENTS OF PARTICIPANTS UNDER THE VARIOUS TOPICAL HEADINGS AND EFFORT OF THIS KIND MIGHT HELP SUBGROUP TO MOVE TO NEGOTIATING STAGE BEARING IN MIND TNC GOAL OF CONCLUDING NEGOTIATIONS IN 1977. CANADA (AMB. GREY), NOTING TIME LIMITATION TO ACHIEVE SOLUTIONS IN THIS AREA, VOLUNTEERED TO PREPARE DRAFT INTERPRETATIVE NOTES TO GATT ARTICLES VI AND XVI OR SOME FORM OF CODE OF CONDUCT. CANADIAN DRAFT WOULD TAKE INTO ACCOUNT VARIOUS VIEWS OF DELEGATIONS INCLUDING THOSE OF LDC'S. GREY STATED DRAFT WOULD NOT PRESENT SOLUTIONS TO ALL PROBLEMS IN THIS AREA, BUT WOULD BE A FORMAT FOR AGREEMENT. CANADA ANTICIPATES DRAFT WILL BE AVAILABLE IN MID-AUTUMN. FYI: GREY TOLD US PRIVATELY HE WOULD DRAFT CODE OVER SUMMER, PERSONALLY GO LIMITED OFFICIAL USE

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TO OTTAWA TO GET CLEARANCE ON IT IN LATTER HALF OF SEPTEMBER, AND THEN DISCUSS IT BILATERALLY WITH AT LEAST US AND EC BEFORE WELCOMED CANADIAN INITIATIVE.

4. JAPNA (UKAWA) AGREED WITH US THAT SHORTENED CHECKLIST WOULD BRING ISSUES INTO SHARPER FOCUS, AND WELCOMED CANADIAN INTENTION TO TABLE DRAFT CODE. UKAWA THOUGHT BOTH PROJECTS SHOULD GO FORWARD SIMULTANEOUSLY. EC (MEY-

NELL) WELCOMED ANY ADDITIONAL WORK ON MAKING DELEGATIONS' POSTIONS MORE PRECISE OR DRAFT INTERPRETATIVE NOTES THAT WOULD ASSIST PARTICIPANTS IN ANALYZING ISSUES. EC, HOWEVER, NOTED NEW SUBMISSIONS BY EC AND NORDICS MADE SINCE LAST MEETING SHOULD BE DISCUSSED SINCE THEY COVER NEW ISSUES, I.E. THE TRADE DISTORTIVE EFFECTS OF RESEARCH AND DEVELOPMENT EXPENDITURES AND PRICE CONTROLS. US QUERIED EC ON ITS CONCERN REGARDING SUBSIDY ASPECTS OF R&D AND

RICE CONTROLS, BUT EC DID NOT RESPOND.

5. AUSTRALIA (RYAN) SUGGESTED EFFORTS TO DRAFT SOLUTIONS MAY BE PREMATURE UNTIL SUBGROUP HAD BETTER GRASP OF ACTUAL TRADE PROBLEMS ENCOUNTERED IN SUBSIDY/CVD AREA. US SUGGESTED NTM INVENTORY COULD BE USED TO DRAW ATTENTION TO PROBLEMS ENCOUNTERED AND CITED RELATIVELY RECENT NOTIFICATIONS BY US OF CERTAIN SUBSIDY PRACTICES TO NTM INVENTORY. AUSTRALIS ASKED SECRETARIAT TO COMPILE A LIST OF SUCH PROBLEMS BASED ON NTM INVENTORY AND WILL DISCUSS PROJECT WITH SECRETARIAT BEFORE NEXT MEETING. EC NOTED ANY CATALOGUE OF PROBLEMS DRAWN UP WOULD BE WITHOUT PREJUDICE AS TO WHETHER PROBLEM APPROPRIATE TO BE DISCUSSED IN SUBSIDIES/CVD SUBGROUP.

6. AUSTRALIA NOTED NO DISCUSSION HAD YET TRANSPIRED VARIABLE LEVIES (V) L'SL AS A DEVICE WHICH IS SIMILAR TO A CVD TO EXTENT THAT PRICE ON WHICH VL IS BASED CONTAINS A SUBSIDY. THUS, SUCH A VL IMPOSED ON IMPORTS FROM COUNTRIES NOT SUBSIDIZING CONTAINS A CVD ELEMENT LEVIED WITHOUT REGARD TO AN INJURY TEST. US SAID AUSTRALIAN ARGUMENT INTERESTING AND SUGGESTED IT ILLUSTRATED NEED TO INCLUDE AGRICULTURAL SUBSIDIES IF SUBGROUP IS TO ACHIEVE SOLUTIONS TO OVERALL PROBLEMS OF SUBSIDIES/CVD. EC AND SPAIN LIMITED OFFICIAL USE

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INTERVENED STATING THAT PROPER "HOME" FOR DISCUSSION OF THIS TOPIC IS IN GROUP AGRICULTURE. AUSTRALIA REPLIED THAT NOTHING INHERENTLY AGRICULTURAL ABOUT VL MECHANISM AND AFTER SUBGROUP AGREES ON A NEGOTIATING FRAMEWORK THERE WOULD BE AMPLY TIME FOR AGRICULTURAL ASPECTS TO BE CONSIDERED BY OTHER APPROPRIATE GROUPS. WHEN CHAIRMAN'S INITIAL DRAFT SUMMING-UP HAD NO REFERENCE TO VL ISSUE, AUSTRALIA REQUESTED INCLUSION OF A BALANCED STATEMENT TO EFFECT THAT SOME DELS RAISED VL ISSUE WHILE OTHERS SAID PROBLEM SHOULD BE REFERRED TO GROUP AGRICULTURE. EC THEN INSISTED THAT PHRASE BE ADDED "SINCE ANY MATTER CONCERNING AGRICULTURE PRODUCTS WAS APPROPRIATE TO GROUP AGRICULTURE". US OBJECTED, CITING AGREEMENT THAT GROUP AGRICULTURE SHALL WORK IN CONJUNCTION WITH OTHER GROUPS. PROLONGED DEBATE AVOIDED WHEN AUSTRALIA BACKED OFF

AND ACCEPTED A SUMMING UP WITH NO SPECIFIC REFERENCE TO
THIS FAMILIAR SKIRMISH.

7. DATE OF NEXT MEETING OF SUBGROUP TO BE SET BY NTM
PARENT GROUP CONVENIG JULY 20.CULBERT

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NNN

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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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